

3. Commodity/Intermediary Buyer - This involves producing a commodity and selling to an intermediary (processor, manufacturer, wholesaler, etc.) in the supply chain as an ingredient or component of another product.

- Because you cannot differentiate your product, low price is your major marketing tool. To profitably sell at a low price means that you must also have low production cost.
- Increase production levels to the point where you can provide the large quantities of product desired by intermediaries in the supply chain. Intermediaries usually want to work with a limited number of suppliers, so each supplier needs to provide a significant portion of the intermediary's needs. Increased production levels will also lower production costs by achieving economies of size.
- Attempt to build business relationships with buyers to increase their cost of switching to a different supplier.
- Have multiple buyers or market outlets for your product. If you commit yourself to one buyer and the buyer has financial trouble, you are vulnerable to losing all of your sales. Also, if you only have one buyer, you become vulnerable to the dictates of that buyer in terms of price, quality, etc.
- It takes hard work, commitment and time to build a market for your product, even when selling to intermediaries. You need to have sufficient financial resources to maintain the business until your market is developed and sales are sufficient to generate a profit.
- Although intermediaries may initially show interest in your product, they usually will not start buying your product until it has been proven in the marketplace and you can show that you are a reliable supplier in terms of quantity and quality.

- Build a reputation for your product's quality and consistency by carefully monitoring and improving the production and distribution process.

4. Differentiated Product/Intermediary Buyer -

This involves producing a unique product and selling it to an intermediary in the supply chain as an ingredient or component of another product. The final product may or may not be a differentiated product in the consumer's eyes.

- Have multiple buyers or market outlets for your product. If you commit yourself to one buyer and the buyer has financial trouble, you are vulnerable to losing all of your sales. Also, if you only have one buyer, you become vulnerable to the dictates of that buyer in terms of price, quality, etc.
- It takes hard work, commitment and time to build a market for your product, even when selling to intermediaries. You need to have sufficient financial resources to maintain the business until your market is developed and sales are sufficient to generate a profit.
- Although intermediaries may initially show interest in your product, they usually will not start buying your product until it has been proven in the marketplace and you can show that you are a reliable supplier. This is especially true if your product has different characteristics and attributes than the ingredient or component the buyer is currently purchasing.